

Crop Insurance News

2005 Federal Apple Crop Insurance Program

Apple crop insurance covers production losses due to natural perils (such as hail, wind, frost and drought) and wildlife, as well as, losses due to fire, disease and insects under certain conditions. Growers should look carefully at the apple crop insurance provisions to be certain they understand the choices available to help manage these production risks. A grower needs to initially decide on the best level and type of coverage. Basic choices include catastrophic (CAT) coverage, higher coverage under a multi-peril crop insurance (MPCI) policy, and optional coverage for fresh fruit quality.

Catastrophic crop insurance is the lowest coverage option. An indemnity based on 55 percent of the state's established price is paid only to the extent that production falls below 50 percent of the grower's average yield. For 2005, the established fresh market price for New Hampshire is \$11.55 per bushel; 55 percent of this price equals \$6.35 per bushel. Under a CAT policy, all apple acreage owned by the grower is insured as a single unit; so the production loss must occur across the orchard before any payment is received.

Under the basic apple MPCI policy, a grower may choose to increase coverage over CAT levels by insuring up to 75 percent of average apple yield and electing up to 100 percent of the state's established price in calculating the indemnity payment. Under a basic MPCI policy, the grower may take advantage of separately insuring distinct parcels of orchard. Optional orchard units may be established for non-contiguous land, for different practices (irrigated vs. non-irrigated), or by varietal group. With different units, it is possible to have an insurable loss on one unit and receive an indemnity payment, while other units on the farm produce a record crop.

Optional coverage for fresh fruit provides additional protection for quality loss in apples grown for the fresh fruit market. Quality protection is provided for all perils resulting in damage due to natural causes where more than 20 percent of a grower's apple production fails to grade at least US Fancy.

Apple crop insurance is a regulated and subsidized by the Federal government. Apple crop insurance policies are available through private insurance agents. For a list of crop insurance agents in your area, contact the local USDA Farm Service Agency office or log on to the following Risk Management Agency web site:

www3.rma.usda.gov/tools/agent/

For New Hampshire specific information, log on to the New Hampshire Crop Insurance page at:

www.nh.gov/agric/topics/crop_insurance.htm